



A Guide to Your CalPERS
Temporary Annuity

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INTRODUCTION

Temporary annuity is an optional benefit you can choose that provides additional monthly income to supplement your CalPERS pension for a specific period of time. This additional benefit could enable you to coordinate your CalPERS benefits with other income you may receive, for example, from deferred compensation or Social Security, and allow you to retire earlier.

How Does It Work?

The temporary annuity benefit is funded by a **permanent** lifetime reduction to your retirement allowance. The amount of the reduction depends on your age at retirement, the amount of annuity you elect to receive, and the length of time you will receive it. You can think of temporary annuity as an “advance” on future pension payments. The more you request to receive up front and the longer you request to receive it, the more your future retirement benefit will be reduced.

Am I Eligible?

To be eligible for temporary annuity, you must retire with a service retirement. You are not eligible for temporary annuity if you retire due to disability.

The type of temporary annuity you are eligible for depends on your CalPERS membership date.

Membership date of January 1, 2002, or later — the benefit is payable from your retirement date to a specific age that you select — whole age from 62 to 70. You must have CalPERS service coordinated with Social Security to be eligible for this benefit. If you are unsure whether your service is coordinated with Social Security, please ask your personnel office. The amount of temporary annuity you request cannot exceed your estimated Social Security benefit. You must request an estimate of your Social Security benefit from the Social Security Administration before applying for a CalPERS service retirement.

..... Or

Membership date prior to January 1, 2002 — the benefit is payable from your retirement date to a specific age that you select — age 59½ or any whole age from 60 to 68. The amount of temporary annuity is not dependent on the amount of your estimated Social Security benefit.

HOW MUCH TEMPORARY ANNUITY CAN I RECEIVE?

Your Unmodified Allowance cannot be reduced by more than 50 percent and cannot be reduced by an amount greater than the portion of your benefit that is based on the contributions of your employer to pay for your temporary annuity.

If you request a temporary annuity that would exceed the maximum reduction allowed, CalPERS will limit the temporary annuity payment to the maximum allowed by law.

TEMPORARY ANNUITY COST EXAMPLES

CalPERS Membership Date Prior to January 1, 2002
Monthly Temporary Annuity (TA) – Retirement Age 55

The following example provides the approximate lifetime reduction to your Unmodified Allowance if you choose a temporary annuity of \$500.

Age You Terminate TA	Amount of TA	Cost of TA
59½	\$500	\$145.89
60	\$500	\$159.84
62	\$500	\$212.24
64	\$500	\$259.20
66	\$500	\$301.27
68	\$500	\$338.98

Note: The number of years you will receive temporary annuity payments depends on your exact age at retirement and the age you elect to terminate the temporary annuity. For example, your age at retirement is 56¼ and you elect temporary annuity to age 63; you would receive an additional monthly temporary annuity benefit for 6¾ years (the period of time between your exact age at retirement and the temporary annuity termination age).

CalPERS Membership Date January 1, 2002, or Later
Monthly Temporary Annuity (TA) – Retirement Age 55

The following example provides the approximate lifetime reduction to your Unmodified Allowance if you choose a temporary annuity of \$750.

Age You Terminate TA	Amount of TA	Cost of TA
62	\$750	\$318.36
64	\$750	\$388.80
66	\$750	\$451.91
67	\$750	\$475.00
68	\$750	\$508.47
70	\$750	\$559.16

Note: The number of years you will receive temporary annuity payments depends on your exact age at retirement and the age you elect to terminate the temporary annuity. For example, your age at retirement is 56¼ and you elect temporary annuity to age 63; you would receive an additional monthly temporary annuity benefit for 6¾ years (the period of time between your exact age at retirement and the temporary annuity termination age).

IS TEMPORARY ANNUITY RIGHT FOR ME?

To help you decide if electing temporary annuity is right for you, it is a good idea to determine your budget requirements for retirement. The following example shows how a temporary annuity can allow you to meet your budgetary needs and retire earlier.

Example – Sally’s Temporary Annuity Calculation

Sally calculates that she will need approximately \$2,450 per month to meet her retirement budget requirements. She is age 55 and plans on collecting Social Security at age 62. At age 55, her Unmodified Allowance is \$2,200. She needs an additional \$250 per month, so Sally decides to take a temporary annuity for seven years until age 62 when she will begin collecting Social Security.

Sally looks at the cost estimate chart and sees that a temporary annuity of \$500 will reduce her Unmodified Allowance by approximately \$212.24 per month, but provides an additional \$287.76 of monthly income, allowing her to retire now.

Unmodified Allowance at Age 55	\$2,200.00
Cost of \$500 Temporary Annuity	<u>-212.24</u>
Permanently Reduced Unmodified Allowance	\$1,987.76
Temporary Annuity for 7 Years	<u>+500.00</u>
Retirement Benefit from Age 55 to 62	\$2,487.76

When the temporary annuity payment ends at age 62, her monthly allowance will be \$1,987.76 (before cost-of-living adjustment), but she will begin collecting Social Security benefits, as planned, and will continue to meet her budgetary needs.

Note: The above example is based on an election of the Unmodified Allowance. If you choose Option 1, 2, 3, or 4 to provide a lump sum or monthly benefit for a beneficiary upon your death, your retirement allowance will be calculated from the reduced Unmodified Allowance.

Ordering an Estimate

If you are within one year of your expected retirement date, you may request a CalPERS-generated estimate by completing the *Retirement Allowance Estimate Request* form and mailing it to the address on the form. You can find this form in the back of this publication or in the Forms & Publications Center at www.calpers.ca.gov.

We recommend that you order two estimates, one with the temporary annuity payment and one without the temporary annuity payment in order to determine the impact to your lifetime retirement allowance.

You are limited to two CalPERS-generated estimates within a 12-month period and must be within one year of retirement.

FREQUENTLY ASKED QUESTIONS

What happens in the event of my death?

If you die before your temporary annuity ends, the remaining payments will be paid in a lump sum to your eligible beneficiaries.

How are my beneficiaries affected?

Since you will be reducing your monthly lifetime benefit in order to receive a temporary annuity, you will also be reducing the monthly lifetime benefit available to a beneficiary. Temporary annuity will not affect Survivor Continuance (if your retirement includes this benefit). Survivor Continuance will still be based on your retirement benefit before any reduction for temporary annuity.

How do I request a temporary annuity?

Temporary annuity is requested at the time you apply for service retirement. You may apply for service retirement online at my.calpers.ca.gov or you may submit a hardcopy *Service Retirement Election Application*, found in the publication *A Guide to Completing Your CalPERS Service Retirement Election Application* or in the Forms & Publications Center at www.calpers.ca.gov. Complete the section that indicates whether you want to receive a temporary annuity, to what age, and for what amount. Submit the application to CalPERS no more than three months before your retirement date.

What about my income taxes?

The Internal Revenue Service, the Franchise Tax Board, or your tax advisor can advise you on how a temporary annuity can affect your tax liability.

Other Important Information

Consider these additional factors before electing a temporary annuity at retirement.

- The temporary annuity will be combined in one check with your reduced lifetime benefit until the temporary annuity ends.
- Your final temporary annuity payment will be included in your monthly benefit issued at the beginning of your birth month. For example, if your birthday is June 28, your temporary annuity will end with your June 1 payment.
- During the time you are receiving temporary annuity, your cost-of-living adjustment (COLA) is based on your increased monthly benefit. When your temporary annuity period is over, COLA will be recalculated based on your reduced lifetime benefit.

BECOME A MORE INFORMED MEMBER

CalPERS On-Line

Visit our website at www.calpers.ca.gov for more information on all your benefits and programs.

Reaching Us By Phone

Call us toll free at **888 CalPERS** (or **888-225-7377**).

Monday through Friday, 8:00 a.m. to 5:00 p.m.

TTY: (877) 249-7442

my|CalPERS

Stay informed and be in control of the information you want and need — with my|CalPERS!

my|CalPERS is the personalized and secure website that provides all your retirement, health, and financial information in one place. Take advantage of the convenience of 24/7 access to learn more about CalPERS programs and services that are right for you in your career stage. With my|CalPERS, you can:

- Get quick and easy access to all your account information.
- Manage and update your contact information and online account profile.
- Access information about your health plan and family members enrolled in your plan.
- See all the information you need to make health plan decisions.
- View, print, and save online statements.
- Go “green” by opting out of receiving future statements by mail.
- Use financial planning tools to calculate your retirement benefit estimate or estimate your service credit cost.
- Keep informed with CalPERS news so you don’t miss a thing.

CalPERS Education Center

my|CalPERS is your gateway to the CalPERS Education Center. Whether you’re in the early stages of your career, starting to plan your retirement, or getting ready to retire, visit the CalPERS Education Center to:

- Take online classes that help you make important decisions about your CalPERS benefits and your future.
- Register for instructor-led classes at a location near you.
- Download class materials and access information about your current and past classes.
- Browse our retirement fair schedule.
- Make a personal appointment with a retirement counselor.

Log in today at my.calpers.ca.gov.

Visit Your Nearest CalPERS Regional Office

Fresno Regional Office

10 River Park Place East, Suite 230
Fresno, CA 93720

Glendale Regional Office

Glendale Plaza
655 North Central Avenue, Suite 1400
Glendale, CA 91203

Orange Regional Office

500 North State College Boulevard, Suite 750
Orange, CA 92868

Sacramento Regional Office

Lincoln Plaza East
400 Q Street, Room E1820
Sacramento, CA 95811

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408

San Diego Regional Office

7676 Hazard Center Drive, Suite 350
San Diego, CA 92108

San Jose Regional Office

181 Metro Drive, Suite 520
San Jose, CA 95110

Walnut Creek Regional Office

1340 Treat Blvd., Suite 200
Walnut Creek, CA 94597

Visit the CalPERS website for directions to your local office.

Regional Office hours are Monday to Friday, 8:00 a.m. to 5:00 p.m.

INFORMATION PRACTICES STATEMENT

The Information Practices Act of 1977 and the Federal Privacy Act require the California Public Employees' Retirement System to provide the following information to individuals who are asked to supply information. The information requested is collected pursuant to the Government Code (Sections 20000, et seq.) and will be used for administration of the CalPERS Board's duties under the California Public Employees' Retirement Law, the Social Security Act, and the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to supply the information may result in the System being unable to perform its function regarding your status and eligibility for benefits. Portions of this information may be transferred to State and public agency employers, State Attorney General, Office of the State Controller, Teale Data Center, Franchise Tax Board, Internal Revenue Service, Workers' Compensation Appeals Board, State Compensation Insurance Fund, County District Attorneys, Social Security Administration, beneficiaries of deceased members, physicians, insurance carriers, and various vendors who prepare the microfiche or microfilm for CalPERS. Disclosure to the aforementioned entities is done in strict accordance with current statutes regarding confidentiality.

You have the right to review your membership file maintained by the System. For questions concerning your rights under the Information Practices Act of 1977, please contact the Information Practices Act Coordinator, CalPERS, 400 Q Street, P.O. Box 942702, Sacramento, CA 94229-2702.

While reading this material, remember that we are governed by the Public Employees' Retirement Law and the Alternate Retirement Program provisions in the Government Code, together referred to as the Retirement Law. The statements in this publication are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this publication, any decisions will be based on the law and not this publication. If you have a question that is not answered by this general description, you may make a written request for advice regarding your specific situation directly to CalPERS.



Retirement Allowance Estimate Request

888 CalPERS (or 888-225-7377) • TTY: (877) 249-7442

This is not an application for retirement. This is a request for an estimate of potential future retirement benefit amounts. You are limited to two CalPERS-generated estimate requests in a 12-month period and must be within one year of retirement. See the back of this form for detailed instructions.

Section 1

Provide the address you would like your estimated retirement allowance sent to.

Information About You

Name of Member (First Name, Middle Initial, Last Name) Social Security Number or CalPERS ID

Birth Date (mm/dd/yyyy) () Daytime Phone () Evening Phone

Address

City State ZIP

Section 2

Not all CalPERS members are eligible for industrial disability retirement. Contact your personnel office for eligibility information.

Retirement Information

Type of estimate for your retirement allowance Service Disability Industrial Disability

Employer Projected Retirement Date (mm/dd/yyyy)

Are you a member of another retirement system that has established reciprocity with CalPERS? No Yes

Name of System Estimate Final Compensation Amount

If your membership date is January 1, 2002, or later, the amount of your Temporary Annuity cannot exceed the estimated amount of your Social Security benefit at the age designated in this election.

Temporary Annuity - Complete the information below to request a Temporary Annuity estimate. Available for service retirement only.

For an additional Temporary Annuity allowance, you elect to reduce your monthly allowance for life. No Yes

If you first became a member on January 1, 2002, or later, you elect to receive Temporary Annuity until age _____ in the amount of \$ _____ per month.
(62 to 70) Dollars

..... or
If you first became a member prior to January 1, 2002, you elect to receive Temporary Annuity until age _____ in the amount of \$ _____ per month.
(59 1/2 or whole age 60 to 68) Dollars

Section 3

Individual Lifetime Beneficiary (2, 2W, 3, 3W, 2W/1 and 3W/1)

Name of Beneficiary Relationship to You Birth Date (mm/dd/yyyy)

Section 4

Information About Your Survivor Continuance

Do you have an eligible survivor? No Yes

Section 5

Your Option 4 Retirement Options

CalPERS will provide an estimate for standard Options 1, 2, 2W, 3, 3W, 2W/1 and 3W/1, and Unmodified Allowance. If these do not meet your needs, you may request one of the approved Option 4 types listed at right.

Specific Percentage to Beneficiary _____ % Specific Dollar Amount to Beneficiary \$ _____
Percentage Amount

Reduced Allowance by _____ through _____
Percentage or Dollar Amount Date (mm/yyyy)

Multiple Lifetime Beneficiaries _____
Birth Date (mm/dd/yyyy) Birth Date (mm/dd/yyyy) Birth Date (mm/dd/yyyy)

Reduced Allowance Upon Death of Member or Beneficiary \$ _____
Reduction Amount

Mail to:

CalPERS Benefit Services Division • P.O. Box 942717, Sacramento, California 94229-2717

Section 1

Information About You

Name: Provide your first name, middle initial, and last name.

CalPERS ID or Social Security Number: Provide your CalPERS ID or Social Security Number.

Birth Date: Provide month, day, and complete year.

Mailing Address: Provide the mailing address where you want to receive your estimated retirement allowance.

Telephone Number(s): Provide us your home and/or work number in case we need to reach you.

Section 2

Information About Your Retirement Estimate

Projected Retirement Date: List your projected retirement date. The minimum retirement age for service retirement for most CalPERS members is age 50 with five years of CalPERS service credit. State members under the Second Tier retirement plan must be 55 years old with 10 years of service credit. There are some exceptions to these requirements.

Type of Estimate for Retirement Allowance: Select the type of retirement estimate you wish to receive. Not all CalPERS members are eligible for an industrial disability retirement. Please contact your personnel office for information on eligibility.

Other California Public Retirement Systems: Reciprocity is an agreement CalPERS has with many California public retirement systems that allows movement among public employers within a specified time limit, without losing valuable retirement and related benefit rights. For additional information please refer to the *When You Change Retirement Systems* publication.

Final Compensation Period: Your final compensation is the highest average salary during any consecutive 12- or 36-month period. Which compensation period we use depends on your employer's contract with CalPERS. myCalPERS automatically finds and uses the highest compensation period during your employment with CalPERS.

Temporary Annuity is an additional monthly income you may choose to augment your pension from CalPERS. If you take a disability retirement, a Temporary Annuity is not available. The benefit is payable from your retirement date to a specific age that you select. If your CalPERS membership date is prior to 01/01/2002, you may choose age 59½ or any whole age from 60-68. If your CalPERS membership date is on or after 01/01/2002, you may choose any whole age 62-70. You can also name the dollar amount you wish to receive (certain limitations apply; please refer to the *Temporary Annuity* publication). If your CalPERS membership date is on or after 01/01/2002 the amount of Temporary Annuity cannot exceed the amount expected from Social Security at the age specified, provided you made contributions to Social Security while employed with a CalPERS employer. It is important to note that this benefit is not free. Your CalPERS monthly lifetime retirement allowance is reduced to pay for your Temporary Annuity. For additional information, please refer to the *Temporary Annuity* publication.

Section 3

Individual Lifetime Beneficiary (2, 2W, 3, 3W, 2W/1 and 3W/1)

A **beneficiary** is any person(s) you designate to receive a benefit after your death. If you would like to provide a lifetime monthly benefit to a beneficiary, we need their date of birth.

Relationship to You: A beneficiary can be a spouse, child, friend, etc.

Beneficiary Birth Date: Provide month, day, and complete year.

Section 4

Information About Your Survivor Continuance

Survivor Continuance is an employer-paid benefit payable to an eligible survivor upon your death. An eligible survivor is a spouse married to you or a domestic partner legally recognized in California as your domestic partner on and at least one year prior to your tentative retirement date and continuously until your death (for Disability or Industrial Disability Retirement, these conditions must be met on or before the effective date of your disability or industrial disability retirement); or an unmarried child under age 18 or disabled; or an economically dependent parent.

Section 5

Your Retirement Options

CalPERS will provide you an estimate for the standard options (1, 2, 2W, 3, 3W, 2W/1 and 3W/1). If none of these meets your needs, you may request one of the Option 4 allowances, as long as the amount to your beneficiary(ies) is not more than the benefit provided under Option 2W. For additional information please refer to the *Retirement Option 4* publication.

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California Public Employees' Retirement System

400 O Street
P.O. Box 942701
Sacramento, CA 94229-2701

888 CalPERS (or 888-225-7377)

www.calpers.ca.gov

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